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Proposed programme budget for the biennium 2008-2009*

Part X
Jointly financed administrative activities and special expenses

Section 31
Special expenses

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* A summary of the approved programme budget will subsequently be issued as *Official Records of the General Assembly, Sixty-second Session, Supplement No. 6* (A/62/6/Add.1).

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Overview

31.1 Under section 31, Special expenses, resources are provided to cover specific expenditure requirements for: (a) after-service health insurance; (b) compensatory payments; (c) general insurance charges; (d) bank charges; and (e) pension payments to former Secretaries-General (see table 31.1).

Table 31.1 **Resource requirements by component**

(Thousands of United States dollars)

(1) *Regular budget*

Component	*2004-2005 expenditure*	*2006-2007 appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*2008-2009 estimate*
			Amount	*Percentage*			
A. Contributions to after-service health insurance	68 875.4	82 872.1	299.5	0.4	83 171.6	5 623.0	88 794.6
B. Compensatory payments	2 215.8	1 706.1			1 706.1	107.7	1 813.8
C. General insurance	8 718.1	7 374.2	141.1	1.9	7 515.3	448.7	7 964.0
D. Bank charges	591.5	418.6			418.6	27.2	445.8
E. Pension payments to former Secretaries-General	900.5	1 107.9	174.9	15.8	1 282.8	83.4	1 366.2
Subtotal	**81 301.3**	**93 478.9**	**615.5**	**0.7**	**94 094.4**	**6 290.0**	**100 384.4**

(2) *Extrabudgetary*

	2004-2005 expenditure	*2006-2007 estimate*	*2008-2009 estimate*
Subtotal	**11 727.6**	**18 218.6**	**19 182.3**
Total (1) and (2)	**93 028.9**	**111 697.5**	**119 566.7**

A. After-service health insurance

Resource requirements (before recosting): $83,171,600

31.2 After-service health insurance coverage (for hospitalization and medical and dental expenses) is provided on a shared contribution basis to retired staff members and their dependants in accordance with a decision taken by the General Assembly at its twenty-first session. Coverage is also provided to staff members whose appointments are terminated as a result of disability. In all cases, coverage is available only to those who are eligible to receive a periodic benefit from the United Nations Joint Staff Pension Fund or under the rules governing compensation for service-incurred death, injury or illness. In accordance with Assembly resolution 38/235, the maximum cost-sharing ratio is 2 to 1 between the Organization and the participants.

31.3 By its resolution 40/258 A, the General Assembly decided to extend after-service health insurance coverage to former locally recruited staff who participated in a medical expense assistance plan under appendix E to the Staff Rules.

31.4 Following retirement, staff members are eligible for cost-sharing of after-service coverage if they have participated in a United Nations-system contributory health insurance plan for at least 10

years and are participating in a United Nations plan at the time of retirement. Staff members who upon retirement have participated in a United Nations contributory plan for at least five years are also eligible, provided that they pay the full premium for the period for which their participation falls short of the 10-year requirement for cost-shared participation.

31.5 Since the inception of the after-service health insurance programme in the United Nations, the programme has grown in terms of both the number of participants and the related cost. Beginning in 1999, the increase in enrolment has become steady and has demonstrated a tendency to accelerate owing to the ageing population of subscribers. For the biennium 2008-2009, the requirements have been prepared employing the same methodology as in prior years. In view of historical trends and projections based on personnel data, the enrolment figures are expected to increase further as an increasing number of staff reach retirement age. This anticipated increase in enrolments, when combined with demographic and medical trends of the group, are projected to increase the costs of the after-service health insurance programme going forward (see table 31.2).

Table 31.2 **Resource requirements: after-service health insurance**

	Resources (thousands of United States dollars)		*Posts*	
Category	*2006-2007*	*2008-2009 (before recosting)*	*2006-2007*	*2008-2009*
Regular budget				
Non-post	82 872.1	83 171.6	—	—
Total	**82 872.1**	**83 171.6**	**—**	**—**
Extrabudgetary	18 218.6	19 182.3	—	—

31.6 The requirements of $83,171,600, including an increase of $299,500, are based on an anticipated annual increase in membership in the insurance programme during the biennium 2008-2009. The increase in membership is projected at an annual level of 7.1 per cent on average under the insurance plans administered at Headquarters, at a level of 7.5 per cent on average in Geneva and a level of 11.6 per cent on average under the insurance plans administered by the United Nations Office at Vienna. The average premium costs per participant vary among different insurance plans and between the costs experienced in New York, Geneva and Vienna, but a tendency towards an increase in average costs is clearly demonstrated with respect to all insurance plans.

31.7 The estimated requirements reported in table 31.2 above address the current end-of-service benefit liabilities for retired staff. In its resolutions on the biennial programme budgets and the financial reports and audited financial statements and reports of the Board of Auditors, the General Assembly endorsed the respective observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions and the Board of Auditors on the long-term liabilities for after-service health benefits. The Secretariat has again reviewed the options and arrangements to address the long-term liabilities of the Organization for after-service health benefits for all categories of retired personnel. The related proposals were submitted in a separate report to the Assembly (A/60/450) and, on the basis of requests from the Advisory Committee and the Assembly for updated and additional information, a follow-up report was prepared that is presently before the Assembly (A/61/730). In the latter report, the Secretary-General recommends a two-tiered funding strategy for the funding of long-term liabilities for after-service health benefits. The first tier consists of a one-time initial infusion of funds; the second tier consists of annual long-term funding measures.

B. Compensatory payments

Resource requirements (before recosting): $1,706,100

31.8 The requirements under compensatory payments (see table 31.3) provide for compensation to members of commissions, committees and other similar United Nations bodies in the event of death, injury or illness attributable to service with the United Nations. The responsibilities of the United Nations in this area, as well as the rules governing compensatory payments, are detailed in Secretary-General's bulletin ST/SGB/103/Rev.1.

31.9 Compensation is also provided to staff members or their dependants in the event of death, injury or illness attributable to the performance by the staff member of official duties on behalf of the United Nations. The compensation is governed by the specific rules under appendix D to the Staff Rules (ST/SGB/Staff Rules/Appendix D/Rev.1/Amend.1).

31.10 The costs incurred on both those accounts may include death annuities, monthly benefits for incapacity resulting from injury or illness, lump-sum indemnities for permanent disabilities and medical, hospital and other related expenses.

Table 31.3 **Resource requirements: compensatory payments**

	Resources (thousands of United States dollars)		*Posts*	
Category	*2006-2007*	*2008-2009 (before recosting)*	*2006-2007*	*2008-2009*
Regular budget				
Non-post	1 706.1	1 706.1	—	—
Total	**1 706.1**	**1 706.1**	**—**	**—**
Extrabudgetary	—	—	—	—

31.11 The resource requirements of $1,706,100 are based on current trends in expenditure over the period 2001-2006.

C. General insurance

Resource requirements (before recosting): $7,515,300

31.12 The provisions under general insurance (see table 31.4) relate to insurance of the buildings and property at United Nations Headquarters, including automobiles and works of art, insurance of aircraft used for travel by the Secretary-General but not owned by the United Nations and insurance for other air travel. In addition, in accordance with General Assembly resolution 41/210, the United Nations has established a self-insurance plan for general liability risk in respect of acts occurring within the Headquarters district in the United States of America. The provisions also cover a stand-alone insurance policy for acts of terrorism, which was established effective 2003 following the events of 11 September 2001 as a result of limitations in the scope of insurance coverage for risks, such as acts of terrorism, that would normally have been covered under the general policies. General insurance costs relating to the capital master plan are included in the cost proposals for the capital master plan.

Table 31.4 **Resource requirements: general insurance**

Category	Resources (thousands of United States dollars)		Posts	
	2006-2007	2008-2009 (before recosting)	2006-2007	2008-2009
Regular budget				
Non-post	7 374.2	7 515.3	—	—
Total	**7 374.2**	**7 515.3**	**—**	**—**
Extrabudgetary	—	—	—	—

31.13 Costs under this provision are estimated in the amount of $7,515,300 for the biennium 2008-2009, based on the terms of contracts recently signed with the insurance providers at Headquarters. An increase in requirements is estimated in the amount of $141,100, which reflects an increase of $268,700 with respect to the general insurance policy, and a reduction of $127,600 with respect to the insurance for acts of terrorism. The increase with respect to general property insurance results from increases in insurable values of United Nations property. The reduction under the insurance for acts of terrorism reflects the segregation of the risk related to the first and second layers of the terrorism programme.

D. Bank charges

Resource requirements (before recosting): $418,600

Table 31.5 **Resource requirements: bank charges**

Category	Resources (thousands of United States dollars)		Posts	
	2006-2007	2008-2009 (before recosting)	2006-2007	2008-2009
Regular budget				
Non-post	418.6	418.6	—	—
Total	**418.6**	**418.6**	**—**	**—**
Extrabudgetary	—	—	—	—

31.14 The requirements of $418,600 (see table 31.5) relate to fees for bank account maintenance, electronic fund transfers and other fees for services provided by banks. Although the new banking contract and use of the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system has greatly reduced the unit price per payment, the volume of transactions has increased significantly. Such costs are more than offset by interest income earned on cash balances, which are budgeted under income section 2, General income.

E. Pension payments to former Secretaries-General

Resource requirements (before recosting): $1,282,800

Table 31.6 **Resource requirements: pension payments to former Secretaries-General**

	Resources (thousands of United States dollars)		*Posts*	
Category	*2006-2007*	*2008-2009 (before recosting)*	*2006-2007*	*2008-2009*
Regular budget				
Non-post	1 107.9	1 282.8	—	—
Total	**1 107.9**	**1 282.8**	**—**	**—**
Extrabudgetary	—	—	—	—

31.15 The requirements of $1,282,800 provide for the retirement allowances of four former Secretaries-General, based on the maximum retirement benefit payable as from 1 January 2007.

Table 31.7 **Summary of follow-up action taken to implement relevant recommendations of the oversight bodies**

Brief description of the recommendation	*Action taken to implement the recommendation*
Report of the Board of Auditors (A/59/5 (vol. I), chap. II)	
The Board of Auditors recommended that the United Nations review the funding mechanism for end-of-service and post-retirement benefits liabilities (paras. 15 (b) and 47).	The funding mechanism for the end-of-service and post-retirement benefits liabilities is currently under review. The report of the Secretary-General (A/60/450) was submitted to the General Assembly at the main part of its sixtieth session. A follow-up report (A/61/730) is currently before the Assembly for review at its first resumed sixty-first session.